

**TESTIMONY OF**

**The Southern Connecticut Gas and  
Connecticut Natural Gas Corporation**

**Before the Energy and Technology Committee**

**On**

**HB 5208 AN ACT CONCERNING LIENS PLACED ON REAL PROPERTY BY  
ELECTRIC DISTRIBUTION COMPANIES**

**PROPOSED BILL**

**Legislative Office Building**

**February 3, 2011**

Good afternoon Senator Fonfara, Representative Nardello, and members of the Energy and Technology Committee. My name is James McNally and I am the Director of Customer Services at The Southern Connecticut Gas Company and Connecticut Natural Gas Corporation (SCG/CNG). I am submitting SCG/CNG's comments regarding RAISED BILL HB 5208 - AN ACT CONCERNING LIENS PLACED ON REAL PROPERTY BY ELECTRIC DISTRIBUTION COMPANIES

The bill would require electric distribution companies to place liens on multifamily properties for delinquent balances of six months or more. It would also prohibit the companies from collecting the monies owed if the liens are not filed. SCG/CNG and other energy companies are presently able to place liens on real property where balances are delinquent as a collection tool. However we must go through the courts to seek the authority to file the lien. The court process can take between 30-120 days

to complete and it involves legal costs, filing fees, and associated administrative costs. However, once filed the liens only serve the purpose of notifying prospective buyers that the title is not free and clear and will prevent the sale of property unless the seller pays the debt owed to the utility and any other liens filed against the property. The lien does not advance the prompt collection of the debt and will not prevent service termination where possible.

SCG/CNG would support legislation that would give both electric and gas distribution companies the ability to place liens on properties without going through the courts similar to existing statutes applicable to private water companies. Not only are water company liens automatic, they also have preferential treatment for all others liens with the exception of taxes or assessments. This process eliminates the time and costs associated with filing the lien through the court system.

SCG/CNG opposes the provisions of this bill that would release a customer from a financial obligation simply because a lien was not placed prior to the sale of the property. Customers should have a continued obligation to pay for utility services previously provided, regardless of whether the utility placed a lien on the property. Further, the legislation as written is unfair and allows customers to run up utility bills and then sell the property before the utility lien has been placed. If the bill's intent is to provide that the new property owner is not responsible for the prior owner's electric bill if no lien is on the property, then SCG/CNG suggests that the bill be amended to specify this.

In addition, the threshold of at least six months of delinquency could result in a large unsecured balance based on some of the usage of SCG/CNG's larger customers. We recommend either removal of a threshold balance, or alternatively that the threshold be reduced to a two-month delinquency or an overdue amount of **\$250** or more.

Finally, a utility company should be able to seek collection action against any assets owned by the debtor regardless of whether or not a lien is placed on property.

Thank you for the opportunity to submit this testimony. I am happy to address any questions you may have.